UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF RHODE ISLAND

CONSORZIO DEL PROSCIUTTO
DI SAN DANIELE
v. **C.A. No.: 07-039ML**
DANIELE, INC.

DEFENDANT, DANIELE, INC.'S, CROSS-MOTION FOR SUMMARY JUDGMENT

Defendant, Daniele, Inc., cross-moves for summary judgment regarding Count I of plaintiff's complaint. Count I alleges breach of the settlement agreement that was entered into on March 25, 2005. Count II claims false designation of origin under the Lanham Act §43(a)(1)(A), 15 U.S.C. §1125(a)(1)(A). Count III claims trademark infringement under §32(1), 15 U.S.C. §1114. Counts II and III are identical to the claims that were originally alleged in the lawsuit that was filed in 2003. It is premature for this court to consider the allegations alleged in Count II and Count III of the complaint as the first issue that must be decided is whether Daniele, Inc. materially breached the settlement agreement dated March 25, 2005 as alleged in Count I and if so, what damages, if any, are applicable.

The plaintiff, Consorzio del Prosciutto di San Daniele (hereinafter "Consorzio"), is not seeking to rescind the settlement agreement which would restore the parties to their original positions but is seeking to enforce the settlement agreement through an injunction and is seeking purported damages arising from the alleged breach of the settlement agreement. If the court finds there has been no material breach of the settlement agreement, then Count II and Count III should be dismissed by the court. Since this court's determination as to whether there has been a material breach of the settlement agreement will be dispositive, Daniele, Inc. is confining its summary judgment to Count I. Defendant is reserving its rights to address Count II and Count III should the Consorzio raise those counts in its motion for summary judgment. Defendant, however, thinks it is premature at this time to address those issues to the court.

For the reasons set forth in the attached memorandum of law in support of defendant's cross-motion for summary judgment, this court should find as a matter of law that defendant did not breach the settlement agreement by utilizing five (5) trademarks for the sale of its prosciutto. Further, this court should find as a matter of law that defendant has not materially breached the terms of the settlement agreement and accordingly, judgment should enter for defendant on Count I of the complaint.

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CERTIFICATION

The undersigned hereby certifies that this document has been filed electronically on this 11th day of June, 2007 and is available for viewing and downloading to the ECF registered counsel of record:

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The undersigned hereby certifies that a true copy of the within document was forwarded on this 11th day of June, 2007, via first class mail, postage pre-paid, to the following attorneys of record:

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DANIELE, INC.

DEFENDANT, DANIELE, INC.'S, STATEMENT OF UNDISPUTED FACTS PURSUANT TO LR CV 56

In support of defendant, Daniele, Inc.'s, cross-motion for summary judgment, defendant submits the following undisputed material facts:

1. On October 24, 1975, Daniele Prosciutto, Inc. was incorporated in Rhode Island. (See Exhibit A).

2. On December 3, 1976, the trademark "DANIELE" was first used for prosciutto that was manufactured in Rhode Island and sold throughout the United States. (See Exhibit A).

3. On June 19, 1979, Daniele Prosciutto, Inc. filed U.S. Trademark Application Ser. No. 73/220,297 for the trademark "DANIELE." (See Exhibit A).

4. On March 3, 1981, Daniele Prosciutto, Inc. was issued Registration No. 1,148,080 on its trademark "DANIELE." (See Exhibit A).

5. On March 3, 2001, Daniele Prosciutto, Inc.'s Registration No. 1,148,080 expired by inadvertence and mistake. (See Exhibit A).

6. On December 27, 2001, Daniele Prosciutto, Inc. merged with GIO International Foods, Inc. and the surviving company became Daniele International, Inc. (See Exhibit A).

7. On March 25, 2002, Daniele International, Inc. filed U.S. Trademark Application Ser. No. 76/389,585 for the trademark "DANIELE." (See Exhibit A).

8. Consorzio del Prosciutto di San Daniele filed an opposition to Daniele International,

Inc.'s registration of the trademark "DANIELE" claiming that the trademark was geographically deceptive. (See Exhibit A).

9. Daniele International, Inc. sells meat products including mortadella, dry sausage, capocollo and salami in addition to prosciutto. The sale of prosciutto represents approximately ten percent (10%) of Daniele International, Inc.'s total sales for all meat products manufactured and distributed throughout the United States and in Asia. Daniele International, Inc. does not sell any meat products in Europe. (See Exhibit A).

10. Daniele International, Inc. sells its meat products to wholesale distributors and large retail outlets such as Costco, Sam's Club, Stop & Shop, Albertson's and Acme. (See Exhibit A).

11. Daniele International, Inc. manufactures and sells domestic style prosciutto that is sold in prepared packages as either a whole boneless pork thigh and/or in pre-sliced packages. The packages range in weight between 15 and 18 pounds and cost between $7.50 and $8.50 per pound. (See Exhibit A).

12. To resolve the trademark dispute that was pending relative to the application that was filed on March 25, 2002, Daniele International, Inc. and Consorzio del Prosciutto di San Daniele entered into an agreement dated August 6, 2003. (See Exhibit A, the August 6, 2003 agreement is attached thereto).

13. The August 6, 2003 agreement was prepared and drafted by attorneys on behalf of Consorzio del Prosciutto di San Daniele. (See Exhibit A).

14. Daniele International, Inc. did not have its attorneys review or draft any part of the agreement. (See Exhibit A).

15. As a result of the August 6, 2003 agreement that was signed, a lawsuit was filed in Federal District Court in a case entitled, Daniele International, Inc. v. Consorzio del Prosciutto di San Daniele, of Via Umberto I, C.A. No. 03-512ML. The lawsuit was dismissed with prejudice on or about April 1, 2005. (See Exhibit A and Exhibit B).

16. The Federal lawsuit was dismissed when the parties signed a settlement agreement on March 25, 2005 which superseded the agreement that was signed on August 6, 2003. (See Exhibit A and the March 25, 2005 agreement which is attached thereto).

17. In accordance with section 2 of the March 25, 2005 agreement, Daniele International, Inc. has stopped using the single word Daniele in its logo relative to the sale of prosciutto and has been using the fictitious name Daniele, Inc.

18. Regarding the sale of prosciutto, Daniele, Inc. is using five (5) trademarks and each trademark bears no resemblance to San Daniele. The five (5) trademarks are as follows and the date of first use is indicated:

A. PRESIDENT'S RESERVE 400 - November 1990

B. PRESIDENT'S - May 25, 2005

C. GRAN PREMIO - March 28, 1990

D. RISERVA - October 2006

E. DELI-CUT-O - April 2, 1992

(See Exhibit A).

19. Daniele International, Inc., by and through its trademark counsel, I. Stephen Samuels, sent copies of the packaging labels to Consorzio's counsel, Stuart E. Benson, on

September 28, 2005, September 11, 2006 and May 10, 2007. (See Exhibit A).

20. On April 23, 2007, Daniele, Inc. filed five (5) applications in the U.S. Trademark office to register the trademarks identified in paragraph 18. (See Exhibit A which has attached the applications in the U.S. Trademark office).

21. Regarding the sale of its prosciutto, Daniele International, Inc. has used the fictitious name "Daniele, Inc." as its trade name in letters no larger than one-fourth the size of the letters used in the five (5) trademarks identified in paragraph 18.

22. The five (5) trademarks being used by Daniele, Inc. relative to the sale of its prosciutto are in accordance with the exemplar that was approved for use by the Consorzio which was attached as Exhibit A to the agreement dated March 25, 2005. (See the March 25, 2005 agreement, attached to Exhibit A).

23. Daniele International, Inc. has modified its packaging labels for the sale of its prosciutto to indicate that the prosciutto is made in the U.S.A. (Copies of the labeling proofs are attached to Exhibit A).

24. Daniele International, Inc. has revised its brochure to delete allegedly objectionable wording to satisfy the Consorzio's concerns. (See Exhibit C).

25. Daniele International, Inc. has a website that is operated by a third party which can be found at www.danielefoods.com, and that website was modified by no later than January 31, 2006 to be in compliance with the March 25, 2005 settlement agreement. (See Exhibit A).

26. As part of the March 25, 2005 settlement agreement, Daniele International, Inc. paid the Consorzio $75,000.00. (See Exhibit A).

27. In accordance with the March 25, 2005 settlement agreement, Daniele International, Inc. amended its U.S. Trademark Application ser. No. 76/389,585 for DANIELE to eliminate "prosciutto." The U.S. Patent and Trademark office issued Registration No. 3,018,911 on November 29, 2005 for the trademark "DANIELE." The DANIELE trademark is used on the sale of all meat products except prosciutto. (See Exhibit A and Exhibit D).

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DI SAN DANIELE
v. **C.A. No.: 07-039ML**
DANIELE, INC.

DEFENDANT, DANIELE, INC.'S, MEMORANDUM OF LAW IN SUPPORT OF ITS CROSS-MOTION FOR SUMMARY JUDGMENT AS TO COUNT I OF THE COMPLAINT

I. STATEMENT OF FACTS

On October 24, 1975, Daniele Prosciutto, Inc. was incorporated in the State of Rhode Island. On December 3, 1976, Daniele Prosciutto, Inc. first used the DANIELE trademark on prosciutto sold in the United States. (See, affidavit of Vlado Dukcevich attached as Exhibit A). On June 19, 1979, Daniele Prosciutto, Inc. filed U.S. Trademark Application Ser. No. 73/220,297 for the trademark DANIELE. (See, Exhibit A). On March 3, 1981, Daniele Prosciutto, Inc. was issued Registration No. 1,148,080 on its trademark "DANIELE." (See, Exhibit A). Through inadvertence and oversight, the DANIELE trademark registration expired on March 3, 2001. On December 27, 2001, Daniele Prosciutto, Inc. merged with GIO International Foods, Inc. and the surviving company became Daniele International, Inc. (See, Exhibit A).

On March 25, 2002, Daniele International, Inc. filed U.S. Trademark Application Ser. No. 76/389,585 for the trademark "DANIELE." Plaintiff, Consorzio del Prosciutto di San Daniele (hereinafter "Consorzio"), filed an opposition to Daniele International, Inc.'s registration of the trademark "DANIELE" claiming that the trademark was geographically deceptive. (See, Exhibit

A).

The sale of prosciutto represents ten percent (10%) of Daniele International, Inc.'s total sales for all of the meat products manufactured and distributed throughout the United States and in Asia. Daniele International, Inc. does not sell any meat products in Europe. (See, Exhibit A). Daniele International, Inc. sells its meat products through wholesale distributors and large retail outlets such as Costco, Sam's Club, Stop and Shop, Albertson's and Acme. (See, Exhibit A).

In this lawsuit, Daniele International, Inc. was sued under its fictitious name Daniele, Inc. The two (2) names will be used throughout this memorandum to refer to the same company.

Daniele, Inc. manufactures and sells domestic style prosciutto that is sold in prepared packages which are either whole boneless pork thighs and/or pre-sliced packages of prosciutto. The packages range in weight between 15 and 18 pounds and cost between $7.50 and $8.50 per pound. (See, Exhibit A).

The trademark dispute was resolved by Daniele International, Inc. and the Consorzio when a settlement agreement was entered into on August 6, 2003. The August 6, 2003 settlement agreement was drafted by attorneys on behalf of the Consorzio. Daniele International, Inc. did not have any attorney review or draft any part of the agreement. (See, Exhibit A).

As a result of the settlement agreement that was signed on August 6, 2003, a lawsuit was filed in Federal Court in a case entitled, Daniele International, Inc. v. Consorzio del Prosciutto di San Daniele, of Via Umberto I, C.A. No. 03-512ML. This lawsuit was settled, and the case was dismissed with prejudice by agreement of the parties on or about April 1, 2005. Attached as

Exhibit B is a copy of the dismissal stipulation.

In the Federal lawsuit that was dismissed, the Consorzio filed a counterclaim seeking trademark infringement under the Lanham Act, §32(1), 15 U.S.C. §1114 and false designation of origin and false advertising under §43(A), 15 U.S.C. §1125(A). All claims in the Federal lawsuit were dismissed with prejudice when the parties entered into a settlement agreement dated March 25, 2005.

This settlement agreement superseded the settlement agreement dated August 6, 2003. Pursuant to the March 25, 2005 settlement agreement, Daniele International, Inc. paid the Consorzio $75,000.00 as governed by section 13 of the agreement. (The agreement is attached to Exhibit A). In accordance with section 2 of the March 25, 2005 settlement agreement, Daniele International, Inc. stopped using the DANIELE trademark in its logo and elsewhere relative to the sale of prosciutto and instead has used the fictitious company name DANIELE, INC.

Section 5 required Daniele International, Inc. to do the following in relevant part: "Daniele shall cease its use of the DANIELE word and logo trademarks in connection with the sale of prosciutto and ham and shall use a different trademark, bearing no resemblance to 'San Daniele' for the sale of prosciutto and ham. Daniele may use the word 'prosciutto' as a product designator on labels and advertising or marketing materials for prosciutto." In accordance with the clear and unambiguous language in section 5, Daniele International, Inc. has been using five (5) different trademarks for the sale of its prosciutto and ham which bear no resemblance to "San Daniele." The five (5) different trademarks are the following:

A. PRESIDENT'S RESERVE 400

B. PRESIDENT'S

C. GRAN PREMIO

D. RISERVA

E. DELI-CUT-O

(See, Exhibit A).

The date of first use for each of these trademarks is follows:

- PRESIDENT'S RESERVE 400 - November 1990
- PRESIDENT'S - May 25, 2005
- GRAN PREMIO - March 28, 1990
- RISERVA - October 2006
- DELI-CUT-O - April 2, 1992

Although not required to under the settlement agreement, Daniele International, Inc., on April 23, 2007, filed Trademark Applications to register these five (5) trademarks. (See, Exhibit A).

Regarding the sale of its prosciutto, Daniele International, Inc. has used the fictitious name "Daniele, Inc." on its packaging and in its logo which has been in letters no larger than one-fourth the size of the letters used in the five (5) different trademarks identified. This letter size requirement is set forth in section 6 of the agreement. Attached to section 6 of the agreement was an exemplar which depicted an approved logo with the trade name Daniele, Inc.

as well as the different trademark, and the size requirements for both. The exemplar showed an approved arrangement of the logo and the different trademark. Under section 6 of the agreement, it is stated in relevant part "Subject to this requirement, as an example, Daniele may use the logo shown in Exhibit A to this Agreement." (See, the March 25, 2005 agreement attached to Exhibit A).

The packaging labels being used by Daniele International, Inc. as attached to the affidavit of Vlado Dukcevich show that the lettering, the size and the wording is in compliance with sections 5 through 7 of the settlement agreement. Additionally, the DANIELE word or logo trademarks do not appear; the fictitious name Daniele, Inc. does appear as the trade name; and the lettering of the trade name is no larger than one-fourth the size of the lettering of the different trademarks. The packaging labels are consistent with the exemplar that was approved for use by the Consorzio that appears in Exhibit A to the March 25, 2005 settlement agreement.

Daniele Interntational, Inc. has revised its brochure to comply with the settlement agreement dated March 25, 2005 and the revised brochure is attached as Exhibit C.

In accordance with section 14 of the settlement agreement, the DANIELE trademark application was revised to delete the term "prosciutto" from the identification of goods.. (See, Exhibit D which is a copy of the U.S. Trademark Registration No. 3,018,911 that was issued on November 29, 2005).

Daniele International, Inc. has a website that is operated by a third party and that website is www.danielefoods.com and any allegedly objectionable wording was revised to be in compliance with the settlement agreement by no later than January 31, 2006.

II. ARGUMENT

A. Standard for Summary Judgment

When a party moves for summary judgment, the critical inquiry is whether there was any genuine issue of material fact. "Material facts are those 'that might affect the outcome of the suit under the governing law.'" Schock v. United States, 56 F.Supp.2d 185, 188 (D.R.I. 1999). A disputed issue of material fact exists when a reasonable jury could return a verdict for the non-moving party. In examining the motion for summary judgment, the court must view all of the evidence and related inferences in the light most favorable to the non-moving party. *Id.* "[W]hen the facts support plausible but conflicting inferences on a pivotal issue in the case, the judge may not choose between those inferences at the summary judgment stage." *Id.* "[T]he mere existence of *some* alleged factual dispute between the parties will not defeat an otherwise properly supported motion for summary judgment...." Blanchard v. Peerless Insurance Company, 958 F.2d 483, 485 (1st Cir. 1992) (Citations omitted). "Moreover, 'the materiality determination rests on...the substantive law's identification of which facts are critical and which facts are irrelevant...." *Id.* (Quoting Anderson v. Liberty Lobby, Inc., 477 U.S. 242, 248 (1986)). "[E]ven in cases where elusive concepts such as motive or intent are at issue, summary judgment may be appropriate if the non-moving party rests merely upon conclusory allegations, improbable inferences and unsupported speculation." Ostroff v. Federal Deposit Insurance Corporation, 847 F.Supp. 270, 274 (D.R.I. 1994) (Citations omitted).

B. Defendant is entitled to judgment as a matter of law as to Count I of the complaint as there is no competent evidence that defendant materially breached the terms of the settlement agreement dated March 25, 2005.

A party is not entitled to recover for breach of contract when there has not been a material breach in the contractual obligations. A minor breach and/or breach that is not vital to the existence of the contract will not sustain a party's burden. When the issue of materiality admits to only one reasonable answer, the court can intervene and resolve the matter as a question of law. See, Women's Development Corporation v. City of Central Falls, 764 A.2d 151, 158 (R.I. 2001). "One court has described a material breach as 'a failure to perform a substantial part of the contract or one or more of its essential terms or conditions or if there is such a breach as substantially defeats its purpose;' in other words, such a breach is one 'upon a reasonable construction of the contract, it is shown that the parties considered the breach as vital to the existence of the contract." *Id.* (Citation omitted).

In accordance with the settlement that was reached, Daniele International, Inc. has utilized the fictitious name "Daniele, Inc." as its trade name relative to the sale of prosciutto and ham; defendant revised its brochure; revised its website; revised its trademark application for DANIELE to eliminate "prosciutto" in the goods description; revised the lettering and size on its packaging labels; utilized a different trademark, five (5) in number, on its packaging labels; and as to each has sought to avoid any confusion between defendant and plaintiff in the minds of customers and potential customers as to the source and the geographical location of manufacture of each party's goods; agreed not to oppose or challenge plaintiff's use of the certification mark

PROSCIUTTO DI SAN DANIELE in connection with the sale of prosciutto; and paid plaintiff the sum of $75,000.00.

The crux of plaintiff's breach of contract claim set forth in Count I is that plaintiff alleges that section 5 of the settlement agreement required defendant to select one and only one trademark to use on packaging for defendant's prosciutto and ham. Defendant asserts that it can use as many different trademarks as it wants as long as each trademark bears no resemblance to "San Daniele" and complies with the spirit of the agreement which is "to use their respective marks and names in harmony, with each giving full respect to the rights and privileges of the other, and to prevent confusion in the minds of customers regarding the identification and geographical location of the two parties' goods." (See third paragraph in preamble of March 25, 2005 agreement).

Defendant selected and has filed applications to register five (5) trademarks for defendant's prosciutto and ham. The five (5) trademarks are as follows and were first used in interstate commerce on the dates identified:

1. PRESIDENT'S RESERVE 400 - November 1990
2. PRESIDENT'S - May 25, 2005
3. GRAN PREMIO - March 28, 1990
4. RISERVA - October 2006
5. DELI-CUT-O - April 2, 1992

These five (5) trademarks are completely different from and bear no resemblance to plaintiff's certification mark "PROSCIUTTO DI SAN DANIELE."

This court must determine as a matter of law whether paragraph 5 restricts and/or limits in any way the use of more than one different trademark relative to the sale of prosciutto in light of the plain and ordinary language used and in light of the spirit of the agreement and what the parties endeavored to avoid as set forth in paragraph 10: "The parties shall endeavor to avoid confusion between their trademarks and trade names." The definitive language in section 5 of the March 25, 2005 agreement that this court needs to construe is "shall use a different trademark bearing no resemblance to 'SAN DANIELE' for the sale of prosciutto and ham."

When the language used in a contract is clear and unambiguous, the language used controls the intent of the parties and governs the legal consequences of the provisions. Such language is assigned its ordinary, dictionary meaning. See, Dudzik v. Leesona Corporation, 473 A.2d 762, 765 (R.I. 1984). "If the contract terms are clear and unambiguous, judicial construction is at an end for the terms will be applied as written." See, Rivera v. Gagnon, 847 A.2d 280, 284 (R.I. 2004). The court will determine if there is any unambiguity as a matter of law and will be confined to the four corners of the agreement. An ambiguity occurs only when the contract term is reasonably and clearly susceptible of more than one interpretation. *Id.* See, also, Rotelli v. Catanzaro, 686 A.2d 91, 94 (R.I. 1996). If the court determines that the contract terms are ambiguous, the ambiguity is construed against the drafter. See, Judd Realty, Inc. v. Tedesco, 400 A.2d 952, 955 (R.I. 1979); Monahan v. Girouard, 911 A.2d 666, 672 (R.I. 2006). When the contract terms are unambiguous, the intent of the parties becomes irrelevant. See, Hilton v. Fraioli, 763 A.2d 599, 602 (R.I. 2000). In deciding whether a term is ambiguous or not, the Rhode Island Supreme Court has noted, "Because ambiguity lurks in every word, sentence, and paragraph in the eyes of a skilled advocate...the question is not whether there is an ambiguity in the metaphysical sense, but whether the language has only one reasonable meaning when construed, not in a hyper-technical fashion, but in an ordinary, common sense manner." See, Garden City Treatment Center v. Coordinated Health Partners, Inc., 852 A.2d 535, 542 (R.I. 2004). "A court should not, however, stretch its imagination in order to read ambiguity into a [contract] where none is present." *Id.* "Contracting parties are free to define a term as they see fit, but they must do so in writing if they intend the term to carry a technical definition." *Id.* at 543.

The first sentence in section 5 of the agreement was drafted by plaintiff. In comparing section 5 of the agreement dated March 25, 2005 and the agreement drafted by plaintiff on August 6, 2003, you will note the first sentence in section 3 of the August 6, 2003 agreement is identical to the first sentence in section 5, both of which were drafted by the plaintiff. The third paragraph of the agreement that discusses how the parties wish to resolve their differences concerning their respective trademarks and wish to use their respective marks in harmony was also drafted by plaintiff. This paragraph is identical to the second paragraph that appears in the agreement dated August 6, 2003. Section 10 of the agreement dated March 25, 2005 was drafted by the plaintiff which is identical to section 4 in the agreement dated August 6, 2003.

Section 5 of the March 25, 2005 agreement does not state that Daniele can only use one trademark or a single trademark, but states it shall use a "different trademark, bearing no resemblance to 'SAN DANIELE' for the sale of prosciutto and ham." The court must first determine whether there is any ambiguity in the plain and ordinary language used in section 5 of the agreement. Does "a different trademark" restrict defendant to only one different trademark? Is that a reasonable interpretation of the language used? Defendant's position is that this language is unambiguous and does not restrict defendant to using only one different trademark. There is no restriction or limitation used. However, if this court determines there is more than one reasonable interpretation, then the section should be construed against the drafter which is the Consorzio and in favor of defendant's interpretation.

If plaintiff wanted to restrict defendant to using only one different trademark, then plaintiff should have stated that Daniele shall use "one trademark, bearing no resemblance to 'San Daniele' for the sale of prosciutto and ham." Plaintiff did not select any such limiting or restrictive language, and the only reasonable interpretation is that there is no limiting number as to how many different trademarks defendant can use. Each of the five (5) trademarks defendant is using qualifies as "a different trademark, bearing no resemblance to 'San Daniele' for the sale of prosciutto and ham." Based on the language selected by the Consorzio, this court should find as a matter of law that there is no ambiguity in section 5 and/or, if there is any ambiguity, it should be construed against the Consorzio and in favor of the defendant. This court should find as a matter of law that defendant is not limited to using one different trademark for the sale of its prosciutto, but is entitled to use any number of different trademarks that it wants. Further, the court should find that the five (5) different trademarks currently being used, in which applications have been filed in the U.S. Trademark office, comply with section 5 of the agreement. The five (5) different trademarks bear no resemblance to "San Daniele" and thus comply with section 5 of the agreement.

C. The five (5) trademarks are suggestive and do not directly describe the ingredients, qualities or characteristics of defendant's prosciutto.

The Supreme Court of the United States has held that even a color may be a valid trademark if it identifies and distinguishes one manufacturer's goods from others in the marketplace. Under the Lanham Act, a trademark includes "any word, name, symbol or device or any combination thereof. Since human beings might use as a 'symbol' or 'device' almost anything at all that is capable of carrying meaning, this language, read literally, is not restrictive." See, Qualitex Co. v. Jacobson Products Co., Inc., 514 U.S. 159, 162 (1995). A trademark is any name, sign or mark used to denominate commercial goods originating from a particular person and/or entity. See, Sweetarts v. Sunline, Inc., 380 F.2d 923, 926 (8^{th} Cir. 1967).

Consorzio argues that the five (5) trademarks are not valid trademarks because the words would fall into the descriptive category and descriptive marks are not protected unless the holder can establish a secondary meaning. Proof of secondary meaning is evidence that the consumers accept and recognize a mark as denoting only one seller or source. See, Worthington Foods, Inc. v. Kellogg Company, 732 F.Supp. 1417, 1433 (S.D. Ohio 1990). By asserting that the trademarks are descriptive, the Consorzio is alleging that defendant has not complied with the settlement agreement by selecting what the Consorzio claims is one trademark for the sale of Daniele, Inc.'s prosciutto. It is clear under the case law and as suggested by *J. McCarthy* in his treatise, McCarthy on Trademarks and Unfair Competition, §11:67 at 11-127-128, the most popular test to determine whether a trademark falls under the category of a descriptive mark versus a suggestive mark is the imagination test. "The more imagination that is required on the customer's part to get some direct description of the product from the term, the more likely the term is suggestive, not descriptive. Thus, while a descriptive term directly and clearly conveys information about the ingredients, qualities or characteristics of the product or service, the 'suggestive' term only indirectly suggests these things." (Citations omitted).

Professor McCarthy outlines six (6) factors for the court to consider in deciding whether a trademark fits within the label of "descriptive" and/or "suggestive." The six (6) factors are as follows:

1. How much imagination on the buyer's part is required in trying to cull a direct message from the mark about the quality, ingredients or characteristics of the product or service?

2. Does the mark directly convey a real and unequivocal idea of some characteristic, function, quality or ingredient of the product or service to a reasonably informed potential buyer?

3. Does the mark so closely tell something about the product or service that other sellers of like products would be likely to want to use the term in connection with their goods?

4. Are, in fact, other sellers now using this term to describe their products?

5. Even though the mark may tell something about the goods or services, is it just as likely to conjure up some other, purely arbitrary connotation?

6. How does the mark fit into the basic concept that descriptive marks cannot pinpoint one

source by identifying and distinguishing only one seller?

J. McCarthy, *supra*, §11:71 at 11-137-139.

The strength of a trademark is one of the eight (8) factors a court would look at in analyzing a trademark infringement action under the "likelihood of confusion" standard. At this juncture, defendant will not be addressing this standard as that pertains only to Counts II and III, and defendant asserts that it would be premature for the court to address these two counts at this juncture. However, as to the category of defendant's trademarks, this court should find based on the case law that the five (5) trademarks used by the defendant are suggestive and therefore valid trademarks, and not descriptive marks.

In the case of Worthington Foods, Inc. v. Kellogg Company, *supra*, the court had to decide whether the word "HEARTWISE" was a descriptive or suggestive mark. The plaintiff, Worthington Foods, Inc. manufactured and sold vegetable protein products for approximately 50 years. Worthington Foods, Inc. distributed its product under the brand name "Worthington." The company widely distributes goods under "Morningstar Farms'" set of products. *Id*. at 1424. The Morningstar Farms' line of products included vegetable protein foods for breakfast, which were sold as meat substitutes. In 1986, Worthington Foods, Inc. developed the mark "HEARTWISE." In 1987, the mark "HEARTWISE" was used on the packaging of the Morningstar Farms' products. *Id*. at 1425. The defendant, Kellogg Company, developed a cereal named "Heartwise," and put "T.M." after the word on its packaging. *Id*. at 1426. In deciding whether there was an infringement, the court analyzed the eight (8) factors to determine "likelihood of confusion." The first factor the court looked at was the strength of the plaintiff's trademark. The court determined there were four (4) potential categories to describe the mark: (1) Arbitrary or fanciful, (2) Suggestive, (3) Descriptive, and (4) Generic. *Id*. at 1432-33.

The defendant argued that "HEARTWISE" is descriptive because it tells a consumer that the product is wise to eat because it is good for the heart. The defendant argued that "HEARTWISE" conveyed a message. *Id.* at 1434. The court found that "[H]EARTWISE, assuming it means 'wise for one's heart' may refer to a large number of goods or services such as running shoes, a treadmill, a calorie counter or an *Ann Lander's* newspaper column. That is, in a vacuum, the mark does not directly describe any particular item." *Id.* The court acknowledged that the mark had a descriptive element to it. The court found, however, it was not a direct association. The court stated that "[t]he consumer must also use a certain degree of imagination in gathering the message of healthiness from the mark. The consumer must understand the process by which the product can be wise for the heart before apprehending and understanding the message." *Id*. The court held that "HEARTWISE" was a suggestive mark because the consumer could not directly cull a message concerning the healthy characteristics of the goods simply from looking at the mark but rather had to go through a multi-stage reasoning process. *Id.* at 1435.

In the case at bar, are the five (5) trademarks directly descriptive of prosciutto and/or does a consumer have to go through a mental process and reasoning to determine the connection, if any? That is, if a consumer simply heard or read the words not attached to a package of prosciutto would a consumer looking at the words know that the words describe prosciutto? The words are: PRESIDENT'S RESERVE 400; PRESIDENT'S; GRAN PREMIO; RISERVA; DELI-CUT-O. The answer is clearly "No."

First, in looking at PRESIDENT'S RESERVE 400, the word "President" is contained in the dictionary and refers to the highest executive officer of an institution or region. (See, The Random House College Dictionary, Revised Edition definition attached as Exhibit E). The word "Reserve" has several definitions including, "to keep back or save for future or special use, disposal, treatment, etc." (See, The Random House College Dictionary, Revised Edition attached as Exhibit F). Nowhere in the definition of either term is there any reference to prosciutto. The words as combined are not contained in the dictionary. These words do not directly define prosciutto or any ingredient or characteristic of prosciutto. Thus, as a matter of law, this trademark is not descriptive but is at most suggestive. The second trademark, "PRESIDENT'S," for the reasons already stated is not descriptive but is at most suggestive. When one says the word "President's" to anyone, the hearer would think of George Washington, Abraham Lincoln, Ronald Reagan, etc. People would not think of prosciutto.

The third trademark, "GRAN PREMIO," is an Italian word that means, "Grand Prize." The dictionary definition of "Grand" means, "impressive, stately, majestic and highly ambitious." (See, The Random House College Dictionary, Revised Edition definition attached as Exhibit G-1). The word "Prize" means, "a reward for victory, something won in a lottery, something seized or captured and given or awarded as a prize." (See, The Random House College Dictionary, Revised Edition definition attached as Exhibit G-2). There is nothing in the definition of the separate words "Grand Prize" that directly relates to or describes prosciutto, an ingredient of prosciutto and/or a characteristic of prosciutto. The words as combined are not contained in the dictionary. When the consumer thinks of a "grand prize," they think of winning a lottery, game show, a contest, etc. The consumer does not directly think of prosciutto. Thus, as a matter of law, "Grand Prize" is not descriptive but is at most a suggestive mark.

The fourth trademark, "RISERVA," is an Italian word that means, "reserve" which according to the definition already shown in Exhibit F, does not directly describe prosciutto, an ingredient of prosciutto and/or its characteristic. A person might reserve a seat at a table or reserve commenting on something. Such a person would not be directly associating that word with prosciutto. Thus, as a matter of law, "RISERVA" is not a descriptive mark but is at most a suggestive mark.

In the fifth trademark, "DELI-CUT-O," the word "Deli" is short for "Delicatessen" and "Delicatessen" is defined as, "A store that sells prepared cooked meats, cheeses, relishes, etc." (See, The Random House College Dictionary, Revised Edition definition attached as Exhibit H). The word "Cut" is "to penetrate with a sharp-edged instrument." (See, The Random House College Dictionary Rev. Ed. definition attached as Exhibit I). While a deli store might sell prepared meats such as turkey, ham, roast beef and prosciutto, the word "DELI-CUT-O" is not found in the dictionary and there is no direct word association between DELI-CUT-O and prosciutto. A customer has to use some imagination and thought process to relate DELI-CUT-O to prosciutto. Thus, this trademark is not descriptive but it is at most suggestive.

In the following cases, the court found that the trademarks were not invalid as being descriptive but were suggestive marks entitled to protection. In Independent Nail & Packing Company v. Stronghold Screw Products, Inc., 205 F.2d 921 (7th Cir. 1953), the court granted plaintiff's injunction against the defendant who used the name "Stronghold" relative to the sale of its screws, nuts and bolts. Plaintiff had registered the "Stronghold" trademark in 1938 which was used on the nails manufactured by the plaintiff. *Id*. at 923. The District Court dismissed the complaint and held that "Stronghold" was descriptive and not suggestive. On appeal, the Circuit Court reversed and granted plaintiff's injunction finding that "Stronghold" was suggestive and not descriptive of a nail, let alone any type of nail. The court stated, "A person unaware of the particular product or the manufacturer, upon seeing or hearing the name 'Stronghold' would find it virtually impossible to identify the product to which it might have been applied." *Id*. at 925.

Likewise, one of the issues the Court of Appeals had to address in the case of Wynn Oil Company v. Thomas, 839 F.2d 1183 (6th Cir. 1988), was whether the service mark "CLASSIC CAR WASH" was merely descriptive and not entitled to trademark protection or was suggestive. In the Wynn case, plaintiff obtained a service mark registration for "CLASSIC CAR WASH" in 1983. *Id*. at 1185. The defendant owned and operated car washes in Tennessee under the names "CLASSIC CAR WASH" and "CLASSIC CAR WASH SYSTEMS." *Id.* The District Court held there was no substantial "likelihood of confusion" between the two marks and therefore found no trademark infringement. *Id*. at 1186. On appeal, the Court of Appeals reversed on the infringement claims and held that the service mark "CLASSIC CAR WASH" was a strong mark worthy of protection and was not descriptive but was suggestive. The court noted, "It seems clear that the term "CLASSIC" in "CCWI's" mark is designed to make the consumer think of the classic cars of the past, not that they will somehow receive a classic wash at CCWI." *Id.* at 1190. The court further found that "The mark cannot be said to describe the intended purpose, function or use of the product, and is thus not 'merely descriptive.'" *Id.* The court also dismissed the argument that, because the word "Classic" appeared in the dictionary, it was a common term unworthy of protection. The court stated, "The significant factor is not whether the word itself is common, but whether the way the word is used in a particular context is unique enough to warrant trademark protection." *Id.*

The following words as associated with the following goods were found by the courts which examined the trademarks to be suggestive marks and not descriptive marks and thus, warranted trademark protection.

In the case of Douglas Laboratories Corporation v. Copper Tan, Inc., 210 F.2d 453 (2nd Cir. 1954), the court found that "COPPERTONE" as applied to suntan oil was suggestive and not descriptive.

In Bingham v. Inter-Track Partners, 234 Ill. App.3d 615, 600 N.E.2d 70 (3rd Cir. 1992), the mark "WINNER'S CIRCLE" as applied to auto racing equipment was found to be suggestive and not descriptive.

In Sweetarts v. Sunline, Inc., 380 F.2d 923 (8th Cir. 1967), the mark "SWEETARTS" as applied to candy was found to be suggestive and not descriptive.

In Orange Crush Co. v. California Crushed Fruit Company, 297 F. 892 (D.C. 1924), the mark "ORANGE CRUSH" as applied to orange drinks was suggestive and not descriptive.

In Citibank v. Citibanc Group, Inc., 724 F.2d 1540 (11th Cir. 1984), the mark "CITIBANK" as applied to an urban bank was found to be suggestive and not descriptive.

Thus, this court should find that the five (5) trademarks being used by defendant are suggestive marks worthy of protection and are not merely descriptive. A consumer has to use imagination and thought process to associate the trademark with the product.

For the reasons and arguments set forth in defendant's memorandum of law, this court should grant summary judgment as to Count I of the complaint. If this court finds that defendant did not materially breach the settlement agreement dated March 25, 2005, then Count II and Count III of the complaint should be dismissed.

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CERTIFICATION

The undersigned hereby certifies that this document has been filed electronically on this 11th day of June, 2007 and is available for viewing and downloading to the ECF registered counsel of record:

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CERTIFICATION

The undersigned hereby certifies that a true copy of the within document was forwarded on this 11th day of June, 2007, via first class mail, postage pre-paid, to the following attorneys of record:

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